

## Message Text

CONFIDENTIAL

PAGE 01 SANTIA 00597 061700Z

63

ACTION ARA-20

INFO OCT-01 EUR-25 ISO-00 EA-11 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03

SS-20 USIA-15 SAM-01 AID-20 COME-00 EB-11 FRB-02

TRSE-00 XMB-07 OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01

STR-08 SAJ-01 NIC-01 INT-08 FEA-02 SCI-06 DRC-01 /224 W

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R 061520Z FEB 74

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC 7387

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY MADRID

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

AMEMBASSY BUCHAREST

AMEMBASSY MOSCOW

AMEMBASSY ROME

C O N F I D E N T I A L SANTIAGO 597

E.O. 11652: GDS

TAGS: EFIN, CI

SUBJ: GOC TEAM TO CONSULT WITH EUROPEAN CREDITORS

1. SUMMARY: GOC TEAM, WHICH WILL REPRESENT CHILE AT LATE FEBRUARY PARIS CLUB MEETING, WILL BE ASSEMBLING IN EUROPE THIS WEEK FOR PRIOR CONSULTATIONS WITH WESTERN EUROPEAN CREDITORS AND THE SOVIETS. END SUMMARY

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PAGE 02 SANTIA 00597 061700Z

2. RELIABLE GOC SOURCE REPORTS JORGE MARSHALL (SENIOR

ADVISOR CENTRAL BANK) AND MANUEL BLANCO (CENTRAL BANK NUMBER TWO LAWYER) DEPARTING SANTIAGO FEBRUARY 6 EN ROUTE TO EUROPE WHERE THEY WILL BE JOINED BY RAUL SAEZ (ECONOMIC ADVISER TO THE MILITARY JUNTA) AND CARLOS MASAAD (CHILEAN WHO IS SOUTHERN CONE DIRECTOR OF IMF). TEAM IS SUPPOSED TO DISCUSS 1973-74 DEBT WITH WEST GERMANS AS WELL AS POSSIBLE NEW LENDING BEFORE SPLITTING UP TO VISIT OTHER EUROPEAN COUNTRIES. SAEZ REPORTEDLY WILL GO TO SWITZERLAND AND MARSHALL TO SPAIN. TEAM IS SCHEDULED TO REUNITE IN LONDON FOR CONSULTATIONS WITH US AND SOVIETS BEFORE PROCEEDING TO PARIS FEBRUARY 18. AFTER PARIS CLUB MEETING, AT WHICH SAEZ WILL HEAD CHILEAN DELEGATION, TEAM EXPECTS TO GO TO WASHINGTON FOR FURTHER TALKS WITH US BEFORE RETURNING TO CHILE.

3. SOURCE SAYS GOC POLICY TOWARD COMMUNIST CREDITOR COUNTRIES IS TO GIVE THEM NO MORE FAVORABLE TREATMENT THAN PARIS CLUB MEMBERS AND IN SOME CASES LESS FAVORABLE TREATMENT. LARGEST COMMUNIST CREDITOR IS USSR, WHICH CHILE OWES APPROXIMATELY \$126 MILLION - \$50 MILLION TO NOVOTNY BANK AND REMAINDER TO SOVIET INTERNATIONAL DEVELOPMENT BANK WHICH PASSES FUNDS TO CHILE THROUGH FOUR COMMERCIAL BANKS IN WESTERN EUROPE. MOST OF THESE LOANS WILL BE REPAID ACCORDING TO FORMULA (8 YEARS) SIMILAR TO THAT NEGOTIATED WITH US PRIVATE BANKS IN 1972, ACCORDING TO SOURCE. SOVIETS HAVE BEEN TOLD THEY CAN COLLECT FROM CUBANS \$10 MILLION IN SOVIET CREDITS WHICH ALLENDE REGIME DEPOSITED TO CUBAN GOVT ACCOUNT AND WHICH CUBANS REFUSE TO RETURN TO GOC. EAST GERMANY WILL NOT BE REPAID IN COPPER APPROXIMATELY \$15 MILLION OWED IT IN 1974. GOC HAD INTENDED GIVE ROMANIA PREFERENTIAL TREATMENT ON DEBT REPAYMENT BECAUSE OF POLITICAL CONSIDERATIONS, BUT ALL REPAYMENTS TO ROMANIANS HAVE NOW BEEN STOPPED PENDING RESOLUTION OF A TRADE DISPUTE. (CHILE PAID ROMANIA \$1 MILLION CASH FOR PETROLEUM EQUIPMENT WHICH ROMANIANS HAVE REFUSED TO SHIP UNTIL ENTIRE DEBT ISSUE CLEARED UP.) SOURCE AFFIRMED THAT FOR POLITICAL REASONS CHILE WAS BENDING OVER BACKWARDS TO MEET ALL COMMITMENTS TO COMMUNIST CHINA.

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PAGE 03 SANTI 00597 061700Z

4. TO QUESTIONS ABOUT GOC POLICY TOWARD LATIN AMERICAN CREDITORS, PARTICULARLY ARGENTINA AND BRAZIL, HE SAID CHILE WISHED TO GIVE THEM MORE FAVORABLE TREATMENT THAN DEVELOPED COUNTRIES. HE REALIZED THIS WOULD BE A MATTER WHICH PARIS CLUB MEMBERS WOULD WISH TO LOOK AT CLOSELY.

5. WHEN SOURCE ASKED EMBOFF ABOUT US ATTITUDE AT PARIS CLUB, HE WAS TOLD US WISHED TO BE HELPFUL, BUT WE NEEDED

MORE CONCRETE MOVEMENT ON SETTLEMENT OF COPPER QUESTION,  
SUCH AS CERRO SETTLEMENT. THE SOURCE SAID HE UNDERSTOOD  
AND WOULD TRY TO HURRY GOC ALONG ON COPPER.  
TH MPSON

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## Message Attributes

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**Capture Date:** 01 JAN 1994  
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